



# COMMONWEALTH of VIRGINIA

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DIRECTOR

## Department of Human Resource Management

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July 12, 2012

### MEMORANDUM

TO: Agency Human Resource Directors

FROM: Rue Collins White  
Director, Agency Human Resource Services

SUBJECT: Fiscal Year 2013 Authorizations and Compensation Activities

Please be advised of the following information concerning compensation activities for fiscal year 2013 (July 1, 2012 through June 30, 2013). Performance evaluation implementation guidance is attached.

1) 2012 Employee Bonuses

The 2012 Appropriation Act (2012 Virginia Acts of Assembly, Chapter 890, Item 468, M.1.) states:

*All classified employees of the Executive Branch and other full-time employees of the Commonwealth, except elected officials, who were employed on April 1, 2012, and remain employed until at least November 24, 2012, shall receive a one-time bonus payment equal to three percent of base pay on December 1, 2012, contingent upon additional general fund resources equaling or exceeding \$77,200,000 from the combination of actual general fund revenue collections for fiscal year 2012 exceeding the official fiscal year 2012 revenue estimate contained in the first enactment of the 2010-12 appropriations act, as amended by the 2012 session of the General Assembly, and by any discretionary unspent general fund appropriations recommended by the Governor for reversion at the end of fiscal year 2012. In the event that the total of all funds provided for in this paragraph are insufficient to fully fund the general fund cost of the three percent one-time bonus payment, such bonus payment shall be prorated to a percent of base pay for the general fund payroll that equates to the amount of total general fund resources provided.*

If funds permit, the bonus payment will be made November 30, 2012 to employees who:

- a. Were employed in salaried positions on April 1, 2012 and remain employed until at least November 24, 2012;

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- b. Attained a performance evaluation rating of at least "Contributor" for the performance cycle October 25, 2011 through October 24, 2012; and
- c. Had no Standards of Conduct written notices issued during the performance cycle October 25, 2011 through October 24, 2012.

General information is provided below. **We expect to receive information regarding the availability of funds following the Governor's presentation to the Senate Finance, House Finance, and House Appropriations Committees in mid-August. Detailed guidance will be provided at that time.** The Department of Accounts will provide instructions for processing the bonus payments if provided.

- Salary Basis for Bonus:

Bonus payments will be based on each employee's base salary in effect on November 24, 2012. For this purpose, base salary is that part of the employee's annual compensation that is creditable for contributions to the Virginia Retirement System. Please be aware that any salary adjustments that are effective between November 16, 2012 and November 24, 2012, inclusive, may require manual payroll adjustments to the calculated bonus amounts.

- Employees on Leave:

A classified employee who is on paid or unpaid leave on November 24, 2012 may have his or her award affected as indicated in the chart below:

LEAVE TYPE	EFFECT ON BONUS
Annual, Sick, Overtime, Compensatory, Family and Personal, Community Service, Military, Bone Marrow or Organ Donation, Recognition, Civil/Work-related, Workers' Compensation, VSDP Short-Term Disability	Paid on 11/30/12 based on VRS-creditable PMIS salary on 11/24/12.
Educational Leave-paid	Bonus applied to current PMIS earnings; balance paid on return to work based on pre-leave VRS-creditable PMIS salary.
Educational Leave-unpaid	Paid when employee returns to work, based on pre-leave (11/24/12) VRS-creditable PMIS salary.
VSDP Long-Term Disability, non-working	Employee is not eligible for a bonus payment.
VSDP Long-Term Disability, working	Paid on 11/30/12, based on VRS-creditable PMIS salary on 11/24/12.
Leave Without Pay-Layoff	Paid only upon recall or placement in original agency (based on former salary) if no later than 6/10/13.  Paid if on LWOP-Layoff on 4/1/12 and re-hired by a different agency prior to 11/24/12.
Temporary Workforce Reduction- non-working	Paid based on VRS-creditable PMIS salary on 11/24/12 when employees is reinstated from leave.

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Temporary Workforce Reduction- reduced hours	Paid on 11/30/12 based on <u>unreduced</u> VRS-creditable PMIS salary on 11/24/12.
Leave Without Pay-Military	Paid when employee returns to work, based on VRS-creditable PMIS salary on 11/24/12.
Leave Without Pay-Other	Paid when employee returns to work, based on VRS-creditable PMIS salary on 11/24/12, if return is prior to 6/10/13.
Non-Working 9-11-month (Full-time) Classified Employees	Bonus is granted when employee returns to work, based on VRS-creditable PMIS salary on 11/24/12.

- Effect of Bonus on Overtime Payments:

Whether bonuses will be paid and the bonus amounts will be determined by the Governor at or near the time when they are to be paid. Therefore, the payments are considered discretionary and agencies will not be required to count them as part of regular hourly rates when computing overtime payments to employees who are covered (non-exempt) by the Fair Labor Standards Act (FLSA).

- Wage Employees:

Bonus payments are not authorized for wage employees and may not be provided on November 30, 2012.

### 2) 2012 Performance Increases

The General Assembly did not approve funding for performance increases effective November 25, 2012. Therefore, agencies may not provide salary increases based on performance during the October 25, 2011 to October 24, 2012 performance cycle.

- Wage Employees:

The base rates of pay for wage employees may not be increased effective November 25, 2012 as a result of employees' performance.

### 3) Classified Salary Structure

The salary bands in the classified salary structure that became effective November 25, 2007 will remain in effect for fiscal year 2013. Salaries placed above current maximums due to the 5% increases offset by the 5% VRS contribution requirement effective June 25, 2011 will remain above the maximum of the pay band ranges.

### 4) 2012 Performance Evaluations

Performance evaluations for classified employees must be conducted as required by Policy 1.40. Agencies should monitor employees' evaluations to ensure their consistency and reliability. Classified

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employees hired or re-hired between October 25, 2011 and July 24, 2012 must be evaluated. Agencies may choose to evaluate employees hired or re-hired between July 25, 2012 and October 24, 2012.

Again this year, in order to reduce keying time, agencies may advise their assigned HR consultant at DHRM by November 2, 2012 if they want DHRM to enter a "C" rating for all unrated employees other than those hired or re-hired between July 25, 2012 and October 24, 2012. Agencies choosing this option should enter "X," "B," and "L" ratings by November 9, 2012, prior to the mass update. Otherwise, agencies will need to keep track of which employees' ratings need to be updated. Ratings of "L" should be entered for employees who will not be rated as well as for employees unavailable for rating due to leave. The attached memorandum from Steve Hastey, DHRM Office of Information Technology, communicates instructions for processing performance evaluations for the performance cycle ending October 24, 2012. In addition, there is a reference card that lists important dates, reports, and transactions. Questions should be directed as indicated in the memorandum.

### 5) Differential Authorizations

P-14 authorizations for differentials that are scheduled to end on June 30, 2012 are extended through June 30, 2013. You should continue to use the P-14 form to authorize any new differential payments. The form is on the DHRM website, <http://www.dhrm.virginia.gov/forms.html>. If your agency is a parent agency (e.g., Department of Corrections), for compensation practices that are consistent in all facilities or sub-agencies under the parent, you may choose to send in a single P-14 form rather than separate forms for each sub-agency. However, the agency codes for all sub-agencies covered by the authorization should be listed on the form. Individual P-14 forms will still be required for practices that are unique to single sub-agencies.

### 6) Supplements

Supplements, decentralized to agencies in 2000, are payments that are made only when employees meet the criteria for earning them. The decentralized supplements that have been identified include: On-Call Pay, Call-Back Pay, Camp Supplement, Charge Duty, Medication Supplement, Shift Pay, and Working Conditions Supplement. Effective July 1, 2010, overtime payment decisions made in accordance with the [Overtime Pay Guidance document, issued June 15, 2010](#), have also been decentralized to agencies. Agencies that want to pay a supplement that has not been previously identified should submit a P-14 request to DHRM for approval. If appropriate, new supplements will be available for use by all agencies.

### 7) Wage Authorizations (WE-14)

Forms WE-14 for wage employment are not required for hourly employees hired into any existing Role. Contact your assigned human resource management consultant if you need to establish an additional Role solely for the purpose of wage employment. We will continue to monitor use of the pre-approved Roles for wage employees.

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### 8) Demonstration Projects

Agencies may consider compensation demonstration projects. Demonstration projects must have clearly defined objectives and specified time frames. They are limited to two years' duration. Any requests for projects should be discussed with your assigned human resource management consultant before being submitted for approval.

### 9) Sub-Bands

Where appropriate, the Alternate Band fields on PMIS may be used by agencies to establish Sub-Bands within Pay Bands. Sub-Bands are intended for situations where a clear distinction must be maintained within Roles, such as for rank structures in law enforcement agencies. Since July 1, 2011, agencies have been able to enter transaction PSP111 to manage sub-bands for individual positions or groups of positions. Sub-bands established using this transaction will update automatically if and when any future adjustments to the pay band structure are approved. Agencies are encouraged to use this transaction in order to improve documentation and consistency in their salary administration.

### 10) Enhanced Retirement Costs

The 2012 Appropriation Act (2012 Virginia Acts of Assembly, Chapter 890, Item 468, K.) states:

Notwithstanding the provisions of § 2.2-3205(A), Code of Virginia, the terminating agency shall not be required to pay the Virginia Retirement System the costs of enhanced retirement benefits provided for in § 2.2-3204(A), Code of Virginia. Instead, the entire cost of such benefits for involuntarily separated employees shall be factored into the employer contribution rates paid to the Virginia Retirement System.

[Note: Code of Virginia §§ 2.2-3200 through 2.2-3206 comprise Title 2.2, Chapter 32, the Workforce Transition Act of 1995.]

The intent is that agencies will not pay directly for the cost of enhanced retirements in fiscal year 2013.

Please ensure that a copy of this memorandum is provided to all human resource staff and to your agency's fiscal officer. If you have questions, please contact the human resource management consultant assigned to your agency.

### Attachments

cc: Sara Redding Wilson  
David A. Von Moll, State Comptroller  
Daniel S. Timberlake, Director of Planning and Budget